

## Message Text

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PAGE 01 STATE 016770  
ORIGIN EUR-12

INFO OCT-01 ISO-00 EB-08 AID-05 CIAE-00 FRB-03 INR-07  
NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01  
LAB-04 SIL-01 OMB-01 SSO-00 INRE-00 L-03 /059 R

DRAFTED BY EUR/WE:GPFQUIER  
APPROVED BY EUR/WE/EMROWELL  
EB/OIA/TBRODERICK  
-----260013Z 042886 /75-61

O R 252209Z JAN 77  
FM SECSTATE WASHDC  
TO AMEMBASSY LISBON IMMEDIATE  
INFO USDOC WASHDC

C O N F I D E N T I A L STATE 016770

E.O. 11652: N/A

TAGS: EINV, PO

SUBJECT: INVESTOR DISPUTE: LATRIQUE

REF: LISBON 475

1. DEPTOFF CONVEYED SUBSTANCE PARAS 2 AND 3 REFTEL TO  
PETER VALE OF LATRIQUE. VALE SAID FIRM WAS WILLING TO  
COOPERATE WITH PORTUGUESE IN EVERY POSSIBLE WAY, BUT WAS  
UNSURE HOW TO REACT TO ALTERNATIVES PROPOSED BY LABOR  
MINISTRY CONSULTANT. HE SAID HE WOULD CONSULT WITH FIRM'S  
ATTORNEY BEFORE RESPONDING IN DETAIL. HE ALSO INTENDS TO  
WRITE DIRECTLY TO COMATT RE DETAILS OF GOP PROPOSAL.

2. ACCORDING TO VALE, KEY ISSUE IN DISPUTE FROM LATRIQUE'S  
VIEWPOINT IS "LARGE" DEBT OWED TO BANCO ESPIRITO SANTO  
WHICH IT IS UNABLE TO PAY. DEBT IS PRESENTLY CARRIED ON  
COMPANY BOOKS BOTH AS DOLLAR DEBT OF LATRIQUE/US AND AS  
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ESCUDO DEBT OF LATRIQUE/PORTUGAL. IN PREVIOUS NEGOTIA-  
TIONS WITH WORKERS' COMMISSION REPRESENTATIVES, FIRM'S  
OBJECTIVE HAS BEEN TO DEFINE DEBT AS OWED SOLELY BY  
LATRIQUE/PORTUGAL. IN EXCHANGE FOR PORTUGUESE RECOGNITION  
OF THIS PRINCIPLE, LATRIQUE/US OFFERED TO MARKET PORTUGUESE  
FACTORY'S PRODUCTS OUTSIDE PORTUGAL AND USE PROFITS TO RE-  
DUCE DEBT.

3. VALE EXPRESSED SURPRISE THAT GOP HAD OFFERED IN EFFECT TO PAY LEASE FEE TO LATRIQUE IN RETURN FOR USE OF PLANT AND COMPANY ASSETS WHICH IT HAS BEEN UTILIZING FREE OF CHARGE FOR ALMOST TWO YEARS. HE WAS UNSURE OF POSSIBLE EFFECT OF BANKRUPTCY PROCEEDING AND SAID HE DESIRED THAT NO ACTION BE TAKEN UNTIL EFFECT ON KEY ISSUE IS FURTHER EXPLAINED.

4. ACTION REQUESTED: DEPARTMENT WOULD APPRECIATE ANY AVAILABLE INFORMATION ASAP ON EFFECT OF GOP PROPOSAL ON OUTSTANDING DEBT WHICH MAY BE PASSED TO VALE. IN ADDITION, PLEASE INFORM LABOR MINISTRY OF LATRIQUE'S DESIRE TO COOPERATE AND ASK THAT NO PRECIPITATE ACTION BE TAKEN BEFORE QUESTIONS CAN BE CLARIFIED.

5. FYI ONLY: VALE'S ATTITUDE THROUGHOUT CONVERSATION WAS COOPERATIVE AND FORTHCOMING. FIRM'S POSITION IN ESSENCE APPEARS TO BE THAT WHEN IT PULLED OUT OF PORTUGAL, IT LEFT ITS ASSETS BEHIND IN LIEU OF PAYING THE DEBT. VALE SAID HIS RELATIONS WITH WORKERS' COMMISSION REPRESENTATIVES HAD BEEN HARMONIOUS, AND HE REPEATED SEVERAL TIMES THAT IF DEBT QUESTION COULD BE SETTLED IN SATISFACTORY MANNER, LATRIQUE/US WOULD BE GLAD TO HELP MARKET PORTUGUESE FIRM'S PRODUCTS EVEN IF IT REMAINED UNDER WORKER CONTROL. END FYI.

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
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**Review Markings:**  
Margaret P. Grafeld  
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